

Message Text

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ACTION SS-25

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FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 8424

C O N F I D E N T I A L SECTION 1 OF 4 BUCHAREST 1635

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EXDIS

EUR ONLY, FOR ASSISTANT SECRETARY VEST FROM AGGREY

E.O. 11652: GDS
TAGS: US RO OVIP (CEAUESCU, NOCOLAE)
SUBJECT: CEAUESCU VISIT: SUGGESTED DRAFT MEMORANDUM FOR THE
PRESIDENT

1. THE DRAFT MEMORANDUM TO THE PRESIDENT WHICH FOLLOWS
EMBODIES MY SUGGESTIONS, DEVELOPED WITH THE COUNTRY TEAM,
FOR THE STRATEGIC APPROACH WE SHOULD TAKE TO CEAUESCU'S
VISIT NEXT MONTH. (THE EMBASSY WILL ALSO SUBMIT DRAFT
ISSUES AND TALKING POINTS SHORTLY.) THESE SUGGESTIONS TAKE
THREE MAIN FACTORS INTO ACCOUNT.

2. FIRST, CEAUESCU'S VISIT FOLLOWS TITO'S AND WILL FORM
ITS NATURAL COUNTERPART, AA U.S. MOVE IN EAST-WEST
RELATINS. YUGOSLAV AND ROMANIAN INDEPENDENCE OF THE USSR
ARE INTERDEPENDENT, AS BOTH COUNTRIES RECOGNIZE. THE TWO
TOGETHER PRESENTLY CONSTITUTE THE STRATEGIC SHIELD FOR OUR
INTERESTS ON NATO'S TROUBLED SOUTHERN FLANK AND IN THE
EASTERN MEDITERRANEAN GENERALLY. AND BOTH CORRECTLY REGARD
GOOD RLATIONS WITH THE U.S. AND THE PRC AS VITAL
COMPONENTS OF THEIR OWN SECURITY: CEAUESCU.S VISIT TO THE
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U.S. FOLLOWS TITO'S VISIT TO THE PRC AND THE U.S., AND PRE-
CEDES HIS OWN VISIT TO THINA AND HUA KUO-FENG'S VISITS TO
YUGOSLAVIA ROMANIA LATER THIS YEAR. SUBSTANCE AND TIMING
BOTH MAKE OF THIS VISIT AN OPPURTUNITY TO ASSERT (OR TO RE-
ASSERT, AFTER TITO) A U.S. REGIONAL INTEREST OF WORLDWIDE
IMPORTANCE, BY AFFIRMING OUR SUPPORT FOR ROMANIA'S FOREIGN POL-
LICY INDEPENDENCE.

3. SECOND, THIS GLOBAL CONTEXT NOT ONLY PROVIDES THE POLITY CONTEXT FROM THE U.S. POINT OF VIEW: IT IS ALSO THE CONTEXT IN WHICH CEAUSESCU SEES THE VISIT, AND HIS COUNTRY'S BILATERAL RELATIONS WITH THE U.S. HIS ARRIVAL IN WASHINGTON WILL MARK ONE CULMINATIO OF THE CAMPAIGN BEGUN LAST FLL TO DO ALL THAT ROMANIAN CAN DO TO REESTABLISH THE "WORLD CORRELATION OF FORCES" FAVORABLE TO ROMANIA'S SECURYITY WHICH WAS IN HIS VIEW SERIOUSLY WEAKENED BY UNCERTAINTIES IN U.S. ANC CHINESE FOREIGN POLITY IN THE MID-1970'S. THE LAST SIX MONTHS HAVE WITNESSED A STEADY STREAM OF FRESH ROMANIAN INITIATIVES TO INSERT ROMANIA INTO CRITICAL NEGOTIATIONS, TO FORTIFY THE RESOLVE OF ITS MAJOR INTERNATIONAL PARTNERS AND--NOT INCIDENTALLY--TO REAFFIRM THE INDEPENDENT ROMANIAN APPROACH TO WORLD AFFAIRS: IN THE MIDDLE EAST, CSCE, PREPARATIONS FOR THE UN SPECIAL SESSION ON DISARMAMENT AND, FOR CEAUSESCU'S UPCOMING VISITS TO CHINA AND NORTH KOREA, IN SOUTHERN AFRICA AND NOW, MOST RECENTLY, IN RECEIVING SANTIAGO CARRILLO IN BUCHAREST. THE QUESTION, FOR HIM, WILL BE U.S. WILLINGNESS TO PLAY THE MAJOR ROLE IT MUST PLAY IF THIS EFFORT IS TO SUCCEED, AND HIS DISCUSSION OF INTERNATIONAL ISSUES WITH THE PRESIDENT WILL BE INTENDED TO GIVE HIM THE ANSWER.

4. THIRD, HE WILL BE ASKING THE SAME QUESTION IN HIS CONCENTRATIO ON ECONOMICS DURING DISCUSSION OF THE BILATERAL CONFIDENTIAL

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RELATIONSHIP. DESPITE CONTINUING PROGRESS, THE BLOOM IS OFF U.S.-ROMANIAN ECONOMIC RELATIONS AT A MOMENT WHEN THE GOR IS PRESSING AHEAD WITH OTHER MARKET COUNTRIES IN PRECISELY THIS AREA, AND IT HAS THEREFORE TAKEN ON SYMBOLIC IMPORTANCE EVEN BEYOND THE MAJOR PRACICAL SIGNIFICANCE IN TERMS OF ACCESS TO ADVANCED TECHNOLOGY IT HAS ALWAYS HAD FOR THE ROMANIANS. AND "HIS ECONOMIC" DISCUSSIONS WILL BE DOUBLY "POLITICAL" BECAUSE THE RELATED HUMAN RIGHTS ASPECT OF OUR RELATIONSHIP BULKS LARGER NOW THAN BEFORE, AND BECAUSE OF SPECTACULAR RECENT PROGRESS IN OUR RELATIONS WITH HUNGARY. I HAVE THEREFORE SUGGESTED A FRAMEWORK FOR THE PRESIDENT'S DISCUSSIONS WITH CEAUSESCU WHICH MAKES CLEAR THAT WE SEE ECONOMICS AND HUMAN RIGHTS AS COMPONENTS OF A POLICY COMMITTED TO A GOOD AND IMPROVING RELATIONSHIP SUPPORTIVE OF ROMANIAN INDEPENDENCE, AND WHICH OFFERS CEAUSESCU A COMMITMENT TO A NEW BEST EFFORT IN ECONOMIC RELATIONS IN RETURN FOR A NEW ROMANIAN EFFORT IN THE EMIGRATION FIELD, ON THE MODEL SUCCESSFULLY APPLIED BY CHANCELLOR SCHMIDT IN FRG-ROMANIAN RELATIONS. BEGIN TEXT ROMANIAN AND U.S. GOALS FOR THE VISIT

5. YOU ARE THE THIRD U.S. PRESIDENT WITH WHOM CEAUSESCU HAS SOUGHT TO BUILD A CONSTRUCTIVE RELATIONSHIP OVER THE

COURSE OF A DECADE. HE IS LOOKING FORWARD GREATLY TO HIS
TALKS WITH YOU, AND HE WILL BE SEEKING:
-- ASSURANCE THAT THE FIRMNESS AND CONSISTENCY HE FOUND IN THE
U.S. WORLD LEADERSHIP IN THE EARLY 1970'S HAVE BEEN RESTORED,
AND
-- REAFFIRMATION OF THE IMPORTANCE THE U.S. ATTACHES TO ROMANIAN
INDEPENDENCE OF THE SOVIET UNION, A GOOD, FAVORABLE BILATERAL
RELATIONSHIP WITH ROMANIAN AND AN ACTIVE, POSITIVE ROMANIAN ROLE
IN WORLD AFFAIRS.

6. AFTER GIEREK AND TITO, CEAUSESCU IS THE THIRD EAST EUROPEAN
LEADER YOU HAVE MET. ROMANIA'S FOREIGN POLICY MUCH RESEMBLES
YUGOSLAVIA'S IN ITS STUBBORN PURSUIT OF INDEPENDENCE FROM THE
USSR, BUT DOMESTICALLY ROMANIAN UNDER CEAUSESCU
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IS MORE RIGID AND REPRESSIVE, AND CONSEQUENTLY LESS ATTRAC-
TIVE, THAN EITHER POLAND OR YUGOSLAVIA. CEAUSESCU'S VISIT PRO-
VIDES AN OPPORTUNITY:
--ONCE AGAIN TO ASSERT U.S. INTEREST IN PRODUCTIVE RELATION-
SHIPS WITH COMMUNIST COUNTRIES IN THE USSR'S EUROPEAN BORDER-
LANDS, EVEN AS WE SEEK OPPORTUNITIES FOR COOPERATION WITH
THE USSR AND THE PRC;
-- TO REAFFIRM OUR SUPPORT FOR ROMANIAN INDEPENDENCE;
--TO STRESS OUR APPRECIATION FOR ROMANIA AS AN ACTIVE AND

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HELPFUL FORCE IN WORLD AFFAIRS AND AN IMPORTANT ECONOMIC PARTNER FOR THE U.S.; AND
-- TO ESTABLISH A PERSUASIVE CONTEXT FOR ARGUING A COMMON INTEREST IN SEEING ROMANIAN EVOLVE TOWARD MORE MODERN AND LIBERAL DOMESTIC ARRANGEMENTS OVER TIME.

7. U.S. AND ROMANIAN GOALS FOR THE VISIT THUS OVERLAP SUBSTANTIALLY. AT THE SAME TIME, IT WILL BE DIFFICULT TO PERSUADE CEAUSESCU THAT OUR INTEREST IN A MORE MODERN AND LIBERAL ROMANIAN DOES NOT SIGNIFY A LESSENING OF U.S. INTEREST IN ROMANIAN INDEPENDENCE. HE IS COMMITTED TO A PUBLIC POLICY APPROACH WHICH SEES INDEPENDENCE AND DEVELOPMENT AS PRECONDITIONS TO LIBERALIZATION, AND WE HAVE OFFERED LITTLE LATELY IN THE WAY OF NEW ECONOMIC BENEFITS OF INTEREST TO ROMANIA. THE TASK, THEREFORE, IS TO CONVINCE HIM THAT OUR INTEREST IN ROMANIAN INDEPENDENCE AND OUR INTEREST IN ROMANIAN HUMAN RIGHTS PERFORMANCE OVER TIME ARE MUTUALLY SUPPORTIVE, AND ARE BOTH SUPPORTIVE OF ROMANIA. I BELIEVE HE CAN BE CONVINCED, IF YOU STRESS TWO TOPICS IN YOUR DISCUSSIONS.

THE WORLD SITUATION
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8. CEAUSESCU SEES HIS VISIT TO WASHINGTON AS A KEY MOVE IN A NEW ROMANIAN EFFORT TO CONSOLIDATE THE FAVORABLE ENVIRONMENT FOR PURSUIT OF ROMANIAN INDEPENDENCE WHICH WAS THREATENED BY THE SENSE OF DRIFT IN U.S. POLICY BEFORE YOUR LECTION AND THE PRE-AND POST-SUCCESSION TURMOIL IN CHINA. A FRANK EXCHANGE OF VIEWS ON INTERNATIONAL TOPICS, IN WHICH YOU DEMONSTRATE THAT DRIFT IN U.S. FOREIGN POLICY IS A THING OF THE PAST, WILL GO FAR TO CONVINC HIM THAT THE U.S. HAS RESUMED THE VITAL ROLE IN WORLD POLITICS HE SEES AS NECESSARY TO HIS COUNTRY'S SECURITY.

9. IN FACT, CEAUSESCU'S APPROACH TO INTERNATIONAL AFFAIRS HAS MUCH IN COMMON WITH TITO'S: BOTH ROMANIA AND YUGOSLAVIA SEEK IN INTERNATIONAL ENVIRONMENT WHERE THE HABIT OF PACEFUL NEGOTIATION OF DISPUTES AMONG ALL COUNTRIES, LARGE AND SMALL, WILL BECOME THE NORM, ESPECIALLY FOR THE GREAT POWERS. GOOD RELATIONS WITH THE U.S. AND THE PRC, AND ACTIVE PARTICIPATION IN THIRD WORLD COUNSELS ARE SEEN BY BOTH COUNTRIES AS VITAL UNDERPINNINGS FOR PURSUIT OF INDEPENDENCE FROM THE USSR. IN THE THIRD WORLD, WHILE CEAUSESCU STILL LACKS TITO'S PRESTIGE AND RECORD OF NON-ALIGNED LEADERSHIP, HE ENJOYS WIDE AND FAVORABLE RECOGNITION AND AT 60 IS A MAN OF THE FUTURE AS WELL AS THE PAST. FOR BOTH, THE UNCERTAINTIES

OF THE MID-1970'S IN THE U.S. AND THE CHINESE SUCCESSION
CRISIS SEEMED TO INVITE ADVENTURISM, INATTENTION AND THEN
OVERREACTION AMONG THE GREAT POWERS, ON THE MODEL OF CYPRUS
AND ANGOLA. IN THIS 1974-1977 PERIOD, BOTH ROMANIA AND YU-
GOSLAVIA FEARED A SERIES OF ESCALATING EAST-WEST CRISES
LEADING EVENTUALLY TO A SETTLEMENT WHERE THEIR INTERESTS MIGHT
WELL BE WSACRIFICED ON THE ALTAR OF A NW STABLIZATION.
BOTH, THEREFORE, PLUNGED EVN MORE VIGOROUSLY THAN BEFOR
INTO EFFORTS TO PROMOTE DISARMAMENT AND INTERNATIONAL FRAME-
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WORKS FOR NEGOTIATED SETTLEMENT, ESPECIALLY IN CSCE.

10. GIVEN ROMANIA'S GREATER PROXIMITY AND VULNERABILITY
TO TH USSR, HOWEVER, CEAUSESCU'S REACTION WAS ALSO INDIVIDUAL.
HE MULTIPLIED EFFORTS TO INSERT ROMANIA INTO THE INTERNATIONAL
NEGOTIATING PROCSS AT EVERY POSSIBLE NEURALGIC POINT (IN-
CLUDING THE MIDDLE EAST AS WELL AS CSCE AND THE NON-ALIGHED
MOVEMENT). HE MADE A SPECIAL, AND DIFFICULT, EFFORT TOCEMENT
RELATIONS WITH THE U.S. IN 1974 AND 1975, BY ACCEPTING
THE JACKSON-VANIK EMIGRATION LINKAGE TO OBTAIN MOST-FAVORED-
NATION TREATMENT FROM US. FINALLY, AT WHAT HE CONSIDERED THE
LOW POINT OF U.S. AND CHINESE RESOLVE, IN 1976, HE ACCEPTED
A MINI-RECONCILIATION WITH THE USSR.

11. NOW, WITH NEW ADMINISTRATIONS IN PLACE IN WASHINGTON
AND PEKING, AND THE SAME OLD "ADMINISTRATION" IN PLACE IN
MOSCOW, BOTH TITO AND CEAUSESCU HAVE EMBARKED ON A RECONSOLIDA-
TION OF RELATIONS WITH THE FARAWAY CAPITALS. THE PACE AND
LEVEL OF ROMANIAN-PRC CONTACTS TOOK A QUANTUM LEAP UPWARD LAST
FALL, AND CEAUSCESCU IS EXPECTED TO EXCHANGE VISITS WITH HUA
KUO-FENG THIS YEAR, FOLLOWING TITO. CONCURRENTLY, RELATIONS
WITH THE USSR HAVE SOURED, ASHAVE YUGOSLAVIA'S. CEAUSESCU
CURRENTLY FEELS UNDER SOME PRESSURE FROM MOSCOW. IN PARTICULAR,
HE SEES HUNGARIAN AGITATIONOVER THE HUNGARIAN MINORITY IN
ROMANINIAN TRANSYLVANIA, REINFORCD BY SIMILAR AGITATION
BY HUNGARIAN AMERICANS DURING THZAANNUAL MFN REVIEW HEARINGS
IN CONGRESS, AS A FORUM OF SOVIET PRESSURE: "TRANSYLVANIA"
SURFACED AS A PROBLEM AT SEVERAL CRITICAL JUNCTURES IN THE
DEVELGCMET OF ROMANIAN FOREIGN POLICY INDEPENDENCE IN THE
PAST, AND THE CURRENT AGITATION BEGAN LAST SUMMER AND FALL,
AS ROMANIAN-PRC RELATIONS TOOK ON NEW VIGOR. LIKE TITO,
FINALLY, CEAUSESCU HAS TAKAN THE ROAD TO WASHINGTON.

12. CEAUSESCU WILL THEREFORE SEE YOUR DISCUSSION OF IN-
TERNATIONAL AFFAIRS AS A LITMUS OF HOW THE U.S. NOW SEES
ITSELF IN THE WORLD, INCLUDING IN RELATION TO ROMANIA. THE
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POINTS TO STRESS WOULD BE:

--THE STEADINESS OF THE U.S. COMMITMENT TO A MAJOR, CONSTRUCTIVE ROLE IN GLOBAL POLITICAL AND ECONOMIC AFFAIRS, INCLUDING TRADE, FINANCE AND ECONOMIC DEVELOPMENT;
-- THE STRENGTH OF OUR COMMITMENT TO DEVELOP GOOD AND COOPERATIVE RELATIONSHIPS WITH ALL COUNTRIES--GREAT AND SMALL, COMMUNIST AND NON-COMMUNIST, RICH AND POOR--WHO ARE WILLING;
--YOUR COMMITMENT TO PEACEFUL, NEGOTIATED SETTLEMENT OF DISPUTES AND TO CONTAINING, REDUCING AND EVENTUALLY ELIMINATING THE BURDEN OF ARMAMENTS IN WORLD AFFAIRS; AND
--OUR APPRECIATION FOR THE ACTIVE AND CONSTRUCTIVE ROLE ROMANIA CONTINUES TO PLAY IN WORLD AFFAIRS UNDER CEAUSESCU'S LEADERSHIP, AND THE COMMON DIRECTION OF OUR INTERESTS ON MANY ISSUES, INCLUDING DISARMAMENT AND THE MIDDLE EAST.

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ECONOMICS AND EMIGRATION IN THE BILATERAL RELATIONSHIP

13. NEVERTHELESS, CEAUSESCU WILL LEAVE WASHINGTON STILL QUESTIONING U.S. SUPPORT FOR ROMANIA'S INDEPENDENT FOREIGN POLICY UNLESS YOU CAN CLEAR UP THE CONFUSION WHICH CURRENTLY PREVAILS CONCERNING WHERE ECONOMICS AND EMIGRATION SHOULD FIT IN OUR RELATIONS WITH HIS COUNTRY.

14. I BELIEVE IT SHOULD BE POSSIBLE FOR YOU TO CLEAR UP

THIS CONFUSION, AND THEREBY TO PROVIDE A NEW AND STRONGER BASIS FOR THE WHOLE BILATERAL RELATIONSHIP, BY PROPOSING TO CEAUSESCU AN APPROACH SIMILAR TO THE ONE OUR GERMAN ALLIES HAVE USED SUCCESSFULLY, BUT TAILORED TO OUR SPECIAL CIRCUMSTANCES.

15. THE ROMANIANS SEE ECONOMIC DEVELOPMENT AS AN ESSENTIAL ATTRIBUTE OF NATIONAL INDEPENDENCE, AND ONE WHICH JUSTIFIES THE STRICT INTERNAL DISCIPLINE DEMANDED BY THE REGIME. ALTHOUGH THEIR CONCLUSIONS ARE DIFFERENT FROM OURS, THEY CAN THEREFORE EASILY APPRECIATE THAT INDEPENDENCE, ECONOMIC RELATIONS AND HUMAN RIGHTS PERFORMANCE CAN BE RELATED FOR THE U.S. FOR SOME YEARS NOW, THEY HAVE ALSO ACCEPTED THE POLITICAL FACT
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THAT THERE IS A NEXUS BETWEEN ECONOMICS AND EMIGRATION IN OUR POLICY TOWARD ROMANIA: ROMANIA IS TO DATE THE ONLY EAST EUROPEAN COUNTRY TO ACCEPT THE JACKSON-VANIK PRECONDITIONS FOR MFN TREATMENT, LINKING IT WITH EMIGRATION PERFORMANCE. AND, IN PRACTICE, EMIGRATION TO THE U.S. HAS RISEN ALONG WITH TRADE, ALTHOUGH BOTH REMAIN AT MODEST IF STILL IMPRESSIVE LEVELS (1,200-1,500 EMIGRANTS AND ABOUT \$500 MILLION IN TWO-WAY TRADE IN 1977), GIVEN ROMANIA'S MEDIUM SIZE.

16. DEVELOPMENTS OVER THE PAST YEAR HAVE, HOWEVER, CONFUSED THE DEFINITION OF THE INDEPENDENCE-ECONOMIC-EMIGRATION NEXUS, AS FAR AS THE ROMANIANS ARE CONCERNED, AND CEAUSESCU WILL BE LOOKING FOR AN AUTHORITATIVE DEFINITION FROM YOU.

17. CEAUSESCU'S POLICY DECISION TO ATTEMPT A NEW CONSOLIDATION AND EXPANSION OF RELATIONS WITH THE U.S. IN 1977 INITIALLY TOOK THE FORM OF A CAMPAIGN TO ACHIEVE A LONGER CONGRESSIONAL REVIEW PERIOD FOR ROMANIAN MFN, AND A PUSH FOR NEW WAYS TO EXPAND TRADE TURNOVER TOWARD THE AGREED 1980 OF \$1 BILLION. ALTHOUGH THE ROMANIANS ARE AWARE THAT SOVIET AND CONGRESSIONAL POLICY CONSIDERATIONS MAKE IT DIFFICULT FOR US TO PURSUE CHANGES IN LEGISLATION AT THIS TIME, CEAUSESCU WILL CERTAINLY RAISE THE ISSUE OF MFN REVIEW WITH YOU, ESPECIALLY IN VIEW OF THE WIDESPREAD PUBLICITY ACCOMPANYING U.S.-HUNGARIAN AGREEMENT ON MFN ASSURANCES. THE EFFORT TO FIND NEW WAYS TO EXPAND TRADE HAS ALSO CONTINUED, AND YOU CAN EXPECT CEAUSESCU TO INITIATE DISCUSSION OF JOINT VENTURES, EXPORT LICENSING PROBLEMS AND CREDIT FACILITIES FAVORING ROMANIA, POSSIBLY IN SOME DETAIL.

18. ALTHOUGH NOT AN EASY TRADING PARTNER, ROMANIA HAS BECOME AN IMPORTANT ONE FOR THE U.S., WITH TRADE MOVING OVER THE HALF-BILLION-DOLLAR MARK IN 1977 TOWARD THE \$1 BILLION 1980
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TARGET. THE GOOD WILL IS THERE ON THE ROMANIAN SIDE, THE FOREIGN DEBT BURDEN IS SMALL BY EAST EUROPEAN STANDARDS, A SURPLUS FAVORING THE U.S. IS NORMAL, AND PROSPECTS ARE MODESTLY FAVORABLE, ESPECIALLY FOR U.S. AGRICULTURAL EXPORTS.

19. CONCURRENTLY, CEAUSESCU HAS MOVED TO EXPAND AND THICKEN ECONOMIC TIES WITH OTHER WESTERN ECONOMIES AND WITH THE JAPANESE, AND HAS FOUND THEM RESPONSIVE. CHANCELLOR SCHMIDT'S STATE VISIT HERE IN JANUARY GAVE A FILLIP TO TRADE AND ECONOMIC RELATIONS WITH ROMANIA'S LARGEST WESTERN TRADING PARTNER; THE FRENCH AND BRITISH (WHO WILL RECEIVE CEAUSESCU ON A STATE VISIT IN JUNE) ARE HARD AT WORK IN THE ECONOMIC FIELD; AND JAPAN ALREADY HAS PERHAPS THE LARGEST "NON-SOCIALIST" BUSINESS COMMUNITY IN BUCHAREST. AMONG COMMUNIST COUNTRIES, BOTH YUGOSLAVIA AND THE PRC HAVE THE SAME 1980 TRADE TURNOVER TARGET WITH ROMANIA--\$1BILLION--THAT WE DO.

20. WE HAVE RESPONDED TO THE NEW ROMANIAN DRIVE TO EXPAND ECONOMIC RELATIONS WITH A NUMBER OF SMALL STEPS FAVORABLE TO ROMANIA--ACCELERATED TREATMENT OF EXPORT LICENSE REQUESTS FROM U.S. FIRMS, FAVORABLE EX-IM LOAN RATES, REAFFIRMATION OF OUR COMMITMENT TO SELL HIGHLY-ENRICHED URANIUM FOR NUCLEAR ENERGY DEVELOPMENT, A SUBSTANTIAL CCC CREDIT FOR SOYBEAN PURCHASES--AND TRADE HAS CONTINUED TO RISE.

21. HOWEVER, THE PACE OF PROGRESS HAS BEEN SLOW, RELATIVE TO RESULTS OBTAINED WITH OTHER COUNTRIES. PARTLY, THIS IS BECAUSE THE PROSPECTS FOR RAPID EXPANSION OF OUR ECONOMIC RELATIONSHIP ARE OBJECTIVELY SMALL. THE RELATIONSHIP HAS MATURED, THE INITIAL ENTHUSIASM HAS WANED AND DIFFICULTIES HAVE DEVELOPED. ONE IS THAT WHAT ROMANIANS MOST WANT FROM US--ADVANCED TECHNOLOGY--IS CONTROLLED BY OUR SYSTEM OF EXPORT LICENSING, AND THE DEVELOPMENT OF OUR ONE JOINT COMPANY WITH ROMANIA, WHICH PRODUCES COMPUTER PERIPHERALS, HAS BEEN FRUSTRATED BY THESE CONTROLS. PARTLY, HOWEVER, THE LACK OF REAL IMPETUS HAS FED UPON ITSELF. THUS, THE EXPORT LICENSE

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SITUATION HAS TAKEN ON SYMBOLIC IMPORTANCE FOR THE ROMANIANS, THREATENING THE CREDIBILITY OF THOSE SENIOR OFFICIALS WHO HAVE BEEN MOST COMMITTED AND MOST HELPFUL IN PROMOTING OUR ECONOMIC TIES. THE MOST PROMINENT, DEPUTY PRIME MINISTER PATAN, WAS ABRUPTLY TRANSFERRED OUT OF THE FOREIGN TRADE BUSINESS ON MARCH 7. SPREADING AWARENESS THAT ROMANIAN ECONOMIC PROBLEMS ARE STRATEGIC IN CHARACTER AND NATIONAL IN SCALE--A MAJOR MOTIVE FOR THE EXTENSIVE PERSONNEL CHANGES ANNOUNCED MARCH 8--ALSO HEIGHTENS SENSITIVITIES.

22. MEANWHILE, THE EMIGRATION PICTURE HAS ALSO CLOUDED OVER.
IT IS TRUE THAT THE NUMBER OF DEPARTURES FOR THE U.S. HAS
CONTINUED TO RISE. BUT SERIOUS PROBLEMS HAVE ALSO ARISEN:
--DEPARTURES TO ISRAEL DECLINED ABOUT A THIRD BETWEEN 1976
AND 1977, ALTHOUGH GOR POLICY IS PROBABLY ONLY ONE CAUSE OF THE
DECLINE;

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C O N F I D E N T I A L SECTION 4 OF 4 BUCHAREST 1635

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--DEPARTURES FOR THE U.S. ARE LIKELY TO FALL, BECAUSE ROMANIA
IS CURRENTLY FORCING A CONFRONTATION BETWEEN U.S. HUMAN
RIGHTS INTERESTS, WHICH CENTER ON EMIGRATION IN THIS BILATERAL
RELATIONSHIP, AND U.S. IMMIGRATION LAWS. THE GOR IS ISSUING
FEWER PASSPORTS TO THOSE APPLICANTS QUALIFIED FOR U.S.
VISAS FOR WHOM WE MAKE PERIODIC "REPRESENTATIONS", AND MORE
TO THOSE WHO HAVE NO OR ONLY VERY DISTANT FAMILY TIES IN THE
U.S. AS REGARDS APPLICANTS WHOM WE CAN ADMIT UNDER OUR LAWS
ONLY AFTER REFUGEE PROCESSING IN ROME OR VIENNA, OR NOT AT
ALL, THE GOR IS NOW REFUSING TO PERMIT PASSPORT-BEARERS DESTINED
FOR VIENNA TO DEPART WITHOUT VALID U.S. VISAS.
--FURTHER, U.S. INTEREST IN EMIGRATION OR HUMAN RIGHTS CASES
HAS RECENTLY EXTENDED BEYOND OUR NORMAL PRACTICE OF "REPRE-
SENTING" APPLICATIONS OF QUALIFIED EMIGRANTS TO CASES WHICH
ARE EXTREMELY SENSITIVE TO THE GOR ON BOTH INTERNAL SECURITY
AND FOREIGN POLICY GROUNDS. THE RAUTA FAMILY, VLAD GEORGESCU
AND KAROLY KORALY ARE EXAMPLES. THE IRALY CASE GOES BEYOND
BILATERAL RELATIONS IN GOR EYES: KIRALY, A FORMER HIGH OFFICIAL
OF HUNGARIAN ORIGINS, HAS HAD HIS COMPLAINTS ABOUT TREATMENT

OF THE HUNGARIAN MINORITY IN ROMANIAN TRANSYLVANIA TAKEN UP
SINCE FEBRUARY BY THE U.S. PRESS AND BROADCAST BACK INTO
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ROMANIA BY RADIO FREE EUROPE, AND ROMANIANS ARE CONVINCED
THAT AGITATION OVER TRANSYLVANIA--BY THE HUNGARIAN PRESS, THE
HUNGARIAN MINORITY IN THE U.S. (WHICH FIRST DISSEMINATED
KIRALY'S COMPLAINTS) OR RFE--IS INSPIRED BY THE USSR TO
PRESSURE ROMANIA, WHETHER OR NOT IT IS ABETTED BY THE U.S.
GOVERNMENT.

23. THIS MIXED PICTURE CREATES CONFUSION CONCERNING U.S.
INTENTIONS WHICH CEAUSESCU WILL REFLECT WHEN HE ARRIVES IN
WASHINGTON. I BELIEVE YOU CAN ELIMINATE THIS CONFUSION THROUGH
A NEW DEFINITION OF THE LINK BETWEEN ECONOMICS AND HUMAN
RIGHTS IN OUR VIEW OF THE BILATERAL RELATIONSHIP. I RECOMMEND
THAT THIS REDEFINITION TAKE INTO CONSIDERATION THE SUCCESS
OF THE QUIET APPROACH WHICH HAS PROVED SO EFFECTIVE IN FRG-
ROMANIAN RELATIONS. IN HIS CONFIDENTIAL DEALINGS WITH CEAUSESCU,
CHANCELLOR SCHMIDT HAS MADE CLEAR THAT HE SEES AN IMPLICIT
CONNECTION BETWEEN THE LEVEL OF EMIGRATION OF ETHNIC GERMANS
FROM ROMANIA TO THE FRG AND MODEST IMPROVEMENTS IN TRADE-
CREATING FACILITIES THE FRG IS PREPARED TO MAKE AVAILABLE TO
THE GOR. 1977 DEPARTURE LEVELS FOR ETHNIC GERMANS MORE THAN
DOUBLED COMPARED TO 1976, TO OVER 10,000, AND DURING SCHMIDT'S
STATE VISIT IN JANUARY IT WAS INFORMALLY AGREED THAT THIS
RATE WOULD BE MAINTAINED, AND OFFICIALLY ANNOUNCED THAT
ADDITIONAL CREDIT GUARANTEES OF 700 MILLION DM. WOULD BE
AVAILABLE FOR ROMANIAN PURCHASES IN THE FRG IN COMING YEARS.

24. AFTER HIS JANUARY VISIT, SCHMIDT COMMENDED A SIMILAR
APPROACH TO US, BUT IT WOULD OBVIOUSLY HAVE TO BE TAILORED
TO THE SPECIFICS OF OUR LAWS AND OUR BILATERAL RELATIONSHIP.
THE MFN-EMIGRATION LINK IS STATUTORY, UNDER THE TRADE REFORM
ACT, AND THEREFORE PUBLIC. SOME U.S. OFFICIAL RESPONSIBILITY
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ARE INTERESTED IN FREE CHOICE OF DOMICILE FOR ALL ROMANIANS,
RATHER THAN ONE PARTICULAR ETHNIC GROUP, AND, BEYOND THAT,
IN THE QUALITY OF LIFE IN ROMANIA, RATHER THAN MERELY IN THE
RIGHT TO LEAVE IT; EMIGRATION IS TOO NARROW A FOCUS FOR THE
UNITED STATES. FINALLY, CONCRETE COMMITMENTS ON BOTH ECONOMICS
AND HUMAN RIGHTS COULD ONLY BE WORKED OUT AFTER CEAUSESCU'S
VISIT.

25. CONSEQUENTLY, I RECOMMEND THAT IN YOUR TALKS WITH CEAUSESCU YOU TAKE A GENERALIZED APPROACH ALONG THE FOLLOWING LINES;
--OUR UNDIMINISHED LONG-TERM COMMITMENT TO GOOD AND PRODUCTIVE RELATIONS WITH ROMANIA AND TO ROMANIAN INDEPENDENCE IS ALSO BASED ON THE VISION OF ROMANIA AS A MODERN, DEVELOPED SOCIETY;
--THIS VISION EXPLAINS BOTH OUR INTEREST IN ROMANIAN PROSPERITY AND IN THE BROADER WELL-BEING WE ASSOCIATE WITH THE TERM "HUMAN RIGHTS";
--WHILE WE APPRECIATE THE ROMANIAN VIEW THAT INDEPENDENCE AND PROSPERITY ARE PRECONDITIONS FOR PROGRESS IN SOCIETAL WELL-BEING, WE BELIEVE HISTORY SHOWS THESE OBJECTIVES CAN BE PURSUED TOGETHER;
--OUR VISION OF ROMANIA AS A MODERN, DEVELOPED COUNTRY GOES BEYOND THE HUMANITARIAN TOPICS WE NOCRALLY DISCUSS AS AMONG FRIENDS, AND IT SEEMS REASONABLE TO EXPECT THAT WE WILL HAVE LESS OCCASION TO DISCUSS EMIGRATION CASES AS PROSPERITY AND OPPORTUNITY FOR ALL ROMANIAN CITIZENS INCREASED;
--UP TO NOW, NEVERTHELESS, THE DISCUSSION OF HUMANITARIAN TOPICS WHICH HAS BECOME TRADITIONAL IN OUR RELATIONSHIP HAS BEEN CONCERNED MAINLY WITH SPECIFIC CASES, AND CONTINUING VISIBLE PROGRESS IN RESOLVING SUCH HUMANITARIAN PROBLEMS HAS AN IMPORTANT EFFECT ON POSSIBILITIES FOR FURTHER PROGRESS IN ECONOMIC RELATIONS;
--THERE IS NO REASONABLE DOUBT THAT THIS SITUATION WILL CONTINUE IN THE FORESEEABLE FUTURE, IF NOT SO STRONGLY IN THE TRADE FIELD, THEN PROBABLY IN THE CREDIT FIELD, AS SENATOR STEVENSON EXPLAINED DURING HIS MEETING WITH YOU IN JANUARY;
--AS WE SEE IT, SIMULTANEOUS PROGRESS IN ALL THESE AREAS
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THEREFORE PROVIDES THE MOST PROMISING BASIS FOR CONTINUED PROGRESS IN THE OVERALL RELATIONSHIP;
--DEPENDING ON HOW THE PRESIDENT SEES THE PROSPECTS FOR OUR RELATIONSHIP, WE WOULD BE PREPARED TO UNDERTAKE A SERIOUS EFFORT TO FIND PRACTICABLE NEW WAYS OF FACILITATING TRADE AND OTHER ECONOMIC RELATIONSHIPS WITH ROMANIA;
--WE ALSO PLAN TO RESPECT THE CONFIDENTIALITY OF OUR DISCUSSIONS ON THESE ISSUES TO THE MAXIMUM FEASIBLE EXTENT. HOWEVER, THE PRESIDENT WILL ALSO BE AWARE OF OUR OBLIGATION TO CONSULT AND TO MOBILIZE PUBLIC AND CONGRSSIONAL SUPPORT FOR FURTHER FORWARD STEPS. END TEXT.
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